



THE WHITE HOUSE
WASHINGTON

September 19, 1956

Dear Allen:

I read avidly each issue of the Biweekly Report on Sino-Soviet Bloc Economic Activities in Under-Developed Areas.

Furthermore, if the pressure will only let up soon, I hope to come over for further briefing on this important subject.

I am disturbed that this valuable document seems to be now public knowledge.

I am just back from Europe, and I was horrified one morning to see it referred to in so many words by name, and commented upon in an editorial in the Paris edition of the Herald-Tribune.

Perhaps this has already been called to your attention. I am sorry I cannot recall the exact date, but it probably was somewhere between September 10 and 12.

Furthermore, in my conferences in Europe, I heard several casual references made to it by some of our people who did not understand its origin or its purposes, which leads me to think that some in our Government regard it as they would another business service.

Sincerely yours,

ILLEGIB

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Special Assistant to the President

The Honorable Allen Dulles
Director, Central Intelligence Agency
Washington, D. C.

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Section 2

Foreign Economic Policy

The appointment by President Eisenhower of a group of "Citizens Advisors on the Mutual Security Program," headed by Mr. Benjamin Fairless, president of the American Iron and Steel Institute, responds to a very urgent need. A new look at questions of foreign economic policy and what Mr. Eisenhower has called the "change in the whole Russian approach" to world problems is definitely required.

On Aug. 12, this newspaper, in a front-page editorial, pointed out "that the Soviet Union has launched a massive new offensive, economic in method, political in purpose and backed by a vast and growing military machine." It urged that the Eisenhower administration and the Republican party make plain, among other things, "that the United States will develop and pursue a coherent, continuing foreign economic policy, provided with resources and flexibility, to assist the free nations to maintain their independence, without having to choose between the Kremlin and chaos."

The Republican platform says: "We firmly believe in the right of peoples everywhere to determine their form of government, their leaders, their destiny in peace. Where needed, in order to promote peace and freedom throughout the world, we shall, within the prudent limits of our resources, assist friendly countries in their determined efforts to strengthen their economies."

Vice-President Nixon has spoken more clearly and forcefully than the platform on this subject. In Dallas, he warned

that "one of the key points in the new Soviet diplomacy is its economic offensive. . . . They now aim to win by economic means what they failed to win by threats, propaganda and subversion"; he urged that the United States be prepared to make sacrifices, if need be, to help the free nations to maintain their independence. And in his acceptance speech at San Francisco, Mr. Nixon said: "We must maintain a long-range foreign economic policy, designed to bolster when needed the economic strength of our allies . . . we should never force a nation to choose between bankruptcy and submission to the Kremlin."

Mr. Fairless' experience augurs well for a serious and effective study of economic foreign policy which will be available when the next Congress meets.

In the meanwhile, however, the Administration should, on the basis of its existing great resources in planning and intelligence, and within the framework of present legislation, take positive steps to co-ordinate the various aspects of economic foreign policy and initiate new measures in that vital field. Such studies as the "Sino-Soviet Bi-Weekly Report," produced by the group headed by Mr. Joseph M. Dodge, have provided an invaluable groundwork for action. The months between now and the convening of Congress in January cannot be used for planning and study alone. For it must never be forgotten that the present Suez crisis is not only a product of Egyptian nationalism. Without the Soviet economic offensive it could hardly have reached such dangerous proportions.